



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	SB0528	<b>Title:</b>	Create education trust fund
<b>Primary Sponsor:</b>	Wanzenried, David E	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$110,000,000	(\$16,549)	(\$32,581)	(\$47,652)
Common School Guarantee Acct	\$0	\$16,549	\$32,581	\$47,652
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Common School Guarantee Acct	\$0	\$16,549	\$32,581	\$47,652
Common School Permanent Fund	\$110,309,199	\$310,730	\$306,415	\$301,158
Facility Improvement Acct	\$5,874,781	\$5,887,321	\$5,789,300	\$5,674,350
<b>Net Impact-General Fund Balance:</b>	<u>(\$110,000,000)</u>	<u>\$16,549</u>	<u>\$32,581</u>	<u>\$47,652</u>

### Description of fiscal impact:

Senate Bill 528 transfers \$110,000,000 from the general fund to the Common School Permanent Fund (Public School Fund) in FY 2008. Of the interest earned on the \$110 million, 95% would be deposited in a new state special revenue account known as the School Facility Improvement Fund. The remaining 5% interest would remain in the Common School Permanent Fund.

### FISCAL ANALYSIS

#### Assumptions:

1. A one-time increase of \$110,000,000 would be deposited in the Common School Permanent Fund effective July 1, 2007.

2. Permanent fund interest rates are projected to be 5.62% in FY 2008 and 5.63% in FY 2009 according to HJR 2. OBPP projected permanent fund interest rates are 5.54% in FY 2010 and 5.43% in FY 2011. These rates are applied to the \$110 million for total interest earnings.
3. Ninety-five percent of the interest earned on the \$110 million each year will be transferred from the Common School Permanent Fund to the State Special Revenue School Facility Improvement Account. The remaining 5% of interest earned on the \$110 million each year will be retained in the Common School Permanent Fund and increase the balance of that fund.
4. Interest on the increased permanent fund balance will accrue 95% to the guarantee account and 5% to the permanent fund.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Transfers	\$110,000,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$110,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$110,000,000	(\$16,549)	(\$32,581)	(\$47,652)
CSchool Guarantee Acct (02)	\$0	\$16,549	\$32,581	\$47,652
<b>TOTAL Funding of Exp.</b>	<u>\$110,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
CSchool Guarantee Acct (02)	\$0	\$16,549	\$32,581	\$47,652
CSchool Permanent Fund (09)	\$110,000,000	\$0	\$0	\$0
Interest earned CS Perm Fund (09)	\$309,199	\$310,730	\$306,415	\$301,158
Facility Improvement Acct (02)	\$5,874,781	\$5,887,321	\$5,789,300	\$5,674,350
<b>TOTAL Revenues</b>	<u>\$116,183,980</u>	<u>\$6,214,600</u>	<u>\$6,128,296</u>	<u>\$6,023,160</u>

<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$110,000,000)	\$16,549	\$32,581	\$47,652
CSchool Permanent Fund (09)	\$110,000,000	\$0	\$0	\$0
Interest earned CS Perm Fund (09)	\$309,199	\$310,730	\$306,415	\$301,158
Facility Improvement Acct (02)	\$5,874,781	\$5,887,321	\$5,789,300	\$5,674,350

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*